

**BOARD OF DIRECTORS  
PINE/STRAWBERRY WATER IMPROVEMENT DISTRICT**

P.O. Box 134 - Pine, Arizona 85544-0134

**MINUTES**

Regular Board Meeting – March 19, 2009

**1) CALL TO ORDER**

Pine-Strawberry Water Improvement District meeting was called to order at 7:00 PM by  
Bill Haney - Chair

**2) PLEDGE OF ALLEGIANCE**

**3) ROLL CALL**

**Board Members Present:**

- |                                  |                                 |
|----------------------------------|---------------------------------|
| 1. Bill Haney - Chair            | 5. Ron Calderon                 |
| 2. Tom Weeks                     | 6. Don Smith                    |
| 3. Richard Dickinson - Secretary | 7. Terry Schleizer – Vice Chair |
| 4. Michael Greer - Treasurer     |                                 |

There was a Quorum – 7 Board Members present.

Also Present:

John Gliege – Legal Counsel

Harry Jones – Interim District Manager

Number of public attendees not noted.

**4) APPROVAL OF MINUTES**

a. Regular Meeting February 8, 2009

Motion to approve minutes - Ron

Second – Tom

Vote 6 -0 approved

Don Smith - abstention

**5) TREASURERS REPORT**

Mike Greer gave two reports. First report was for period ending January 31, 2009. Beginning balance for January was \$19,775.14. Receipts totaled \$328,369.72 less warrants redeemed for \$37,382.95 and other disbursements of \$37,073.10 leaving an ending balance of \$273,688.81.

The beginning balance for February, 2009 was \$273,688.81. Receipts totaled \$3,640.92 less warrants redeemed for \$49,760.63, left an ending balance for February 28, 2009 of \$227,569.10.

Motion to approve Treasurers Report ending January 31, 2009 – Ron

Second – Don

Vote 7-0 Report Approved

Motion to approve Treasurers Report ending February 28, 2009 – Ron

Second – Mike

Vote 7-0 Report Approved

## **6) OFFICER AND DELEGATE REPORTS**

Don Smith reported that the Supplemental Water Committee met the last week of February and discussed the current status of the acquisition of PWCo and SWCo, and the tremendous need for water storage.

Bill Haney, Chairman, provided an update on the progress of the settlement discussions with Brooke Utilities. Discussions are determined to be confidential and ongoing.

As a District the Board did intervene in the recent hearing at the ACC regarding the PWCo rate case. The Board intervened not in support of having a rate case, but to force financial disclosure from PWCo and allow us access to information we'd been looking for. The ACC voted to delay the rate case for 1 year. Additionally, PWCo was directed to open up their books to the Commission Staff answering questions posed by Staff with input from the PSWID. This information was to be obtained over the next 60 days, with a Commission Staff Report on the financial condition of the water company due within 90 days after collection of the data.

In January, the District applied to WIFA to be put on "Priority List". WIFA asked for confirmation that the PSWID officially had "domestic" status. It will be 8 to 9 months before written confirmation from the AZ State Attorney General's Office will be available. However, in February, Rex Nolan, Asst. State Attorney General, clearly stated that the PSWID was organized as a domestic district, and had full authority to act as a domestic water district.

Settlement discussions are still ongoing between PWCo and PSWID. Discussions remain confidential, and both sides are still talking.

## **7) OLD BUSINESS**

- a. Discuss and take possible action regarding testing of the Milk Ranch Well.

Harry Jones presented a Preliminary Proposal dated 3/19/09 from Mike Ploughe, P.G., of Highland Water Resources Consulting, Inc. regarding a three part outline for consideration of Milk Ranch Well utilization. Included are (1) Groundwater Elevation Trend Evaluation (2) Development of Well Operation and Sediment Mitigation Plan, and (3) ADEQ New Source Approval Process.

Mike Plough gave additional explanation of his proposal, and answered various questions including overall cost to the district. Terry Schleizer asked questions regarding cost, and wanted a determination of maximum cost. Don Smith indicated that he already had a testing device that could be used by the district to minimize cost. It was determined that at some point an engineer would have to be consulted to put the well into operation. Mr. Plough estimated a maximum expense of approximately \$5,000 for all 3 parts of the proposal (\$3,000 for Part I and \$2,000 for Part II).

Motion to accept Proposal of Mike Plough with a maximum not to exceed \$7,500 – Don

Second – Rich

Roll Call Vote:

Mike-Aye

Rich-Aye

Bill-Aye

Terry-Nay

Ron-Aye

Don-Aye

Tom-Aye

Motion Passed 6-1

## **8) NEW BUSINESS**

- a. Discuss and take possible action regarding adjustment to the annual budget and preparation for the FY 09-10 budget.

Harry Jones explained the adjustment to the current annual budget going over line items from a Revised Budget spread sheet made available to the Board Members. The adjustments were made according to AZ Statutes. Terry Schleizer requested an explanation of the "notes" associated with the spread sheet. Terry expressed her frustration due to receiving the documents just before the meeting, not allowing time for her review, understanding, and preparation.

Move to table discussion to next Board meeting – Don  
Vote – 6-1 item tabled

Special Meeting (Budget Workshop) scheduled for Saturday, March 28, 2009 at 2:00pm.

- b. Discuss and take possible action regarding revising the liability insurance policy for PSWID Board.

Bill Haney explained that the previous Treasurer of the Board was directed to obtain insurance for the PSWID Board. He obtained a policy that amounted to nothing more than a car insurance policy not a liability policy covering the Board Members. Therefore the PSWID Board has been without a liability insurance policy for nearly 2 years. Harry Jones explained the need for revising the liability insurance policy for the PSWID Board. He confirmed that the previous Treasurer had obtained bids, but never secured a policy to protect the District Members. Harry presented and recommended a Liability Policy bid allowing \$5M in coverage for the Board Members and protection of the District.

Motion to approve liability insurance policy minus employee coverage, add fiduciary coverage – Terry  
Second – Don  
Vote 7-0 Motion approved

## **9) CALL TO PUBLIC FOR NON AGENDA ITEMS (3 minutes per speaker)**

Sam Schwalm had questioned statement in Coe and Van Loo Report regarding water sharing agreements. He could not find reference in report, and will have to research document.

Motion to move to move to Executive Session – Don  
Second – Ron  
Vote 7 – 0 Motion passed.

## **10) EXECUTIVE SESSION**

Motion to open Executive Session – Terry  
Second – Tom  
Vote 7 – 0 Motion passed.  
Mr. Gliege and Mr Jones present.

- a. Discuss the acquisition of the Pine and Strawberry Water Companies.
- b. Discuss an agreement between the District and Compass Bank for funding the acquisition of the assets of the Pine and Strawberry water systems and related improvements to the systems.

Motion to end Executive Session – Richard

Second – Ron  
Vote 7- 0 Motion passed.

Motion to return to public session – Terry  
Second – Mike  
Vote 7 – 0 Public Session reopened.

**11) NEW BUSINESS FOLLOWING EXECUTIVE SESSION**

- a. Discuss and take possible action concerning the acquisition of the Pine and Strawberry Water Systems.

No action taken.

- b. Discuss and take possible action regarding an agreement between the District and Compass Bank for funding the acquisition of the assets of the Pine and Strawberry water systems and related improvements to the systems.

The offer from Compass Bank remains on the table. The District has not signed yet.

**12) CALL TO ADJOURN**

Motion to adjourn – Don  
Second – Ron  
Vote 7 – 0 Meeting adjourned.

**Reports Available directly from PSWID by request for March 19, 2009**

1. *File # PSWID – Treasurers Report Ending Jan. 31, 2009- Mike Greer– 03192009*
2. *File # PSWID – Treasurers Report Ending Feb. 28, 2009- Mike Greer - 03192009*
3. *File # PSWID – Preliminary Proposal Highland Water Resources - 03192009*